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AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

JUNE 1987

THE

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LARGEST AUTOMOTIVE RETAILERS

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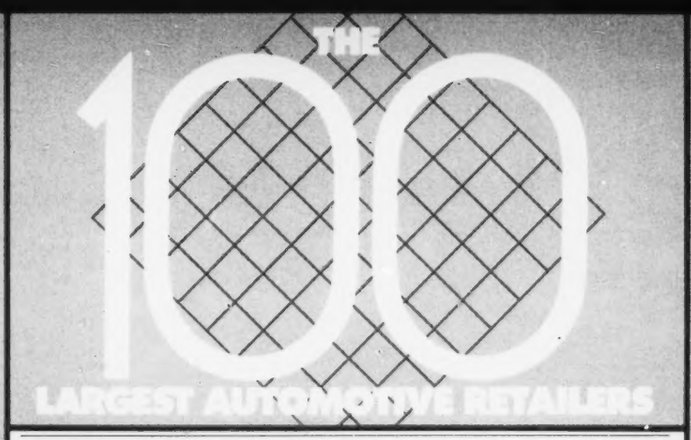

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PUBLISHER'S NOTES

MAKING LISTS

That old conversational gambit, "Wonder what he/she makes?" is endemic to any industry.

In ours, a parallel gambit is, "Exactly how big ARE they?"

In this issue, we attempt to answer that question with our list of the 100 largest automotive retail chains. As you read the list, calculator in hand, (you are going to calculate sales per store, aren't you?), you'll miss some familiar big names. That's because we built this list using store locations as the primary criterion, and we limited it to retailers whose sales are more than 60% to the automotive DIYer. NAPA, for one, is not there.

It's very interesting reading and a good reference piece, as is the rest of our issue.

Senior news and feature editor John Wirebach's finale on advertising in our market is the response from more than two dozen automotive sellers to whom we showed the very hot second article in this series. John reports on the three most common responses.

Research editor Phil Katcher tackles computer hardware for our specific marketplace. And Touche Ross contributed a fine piece on planning your company's computerization. And there are two pages of statistics on our market.

Then there's Detailing The Market, Merchandising page, Market Line, and more.

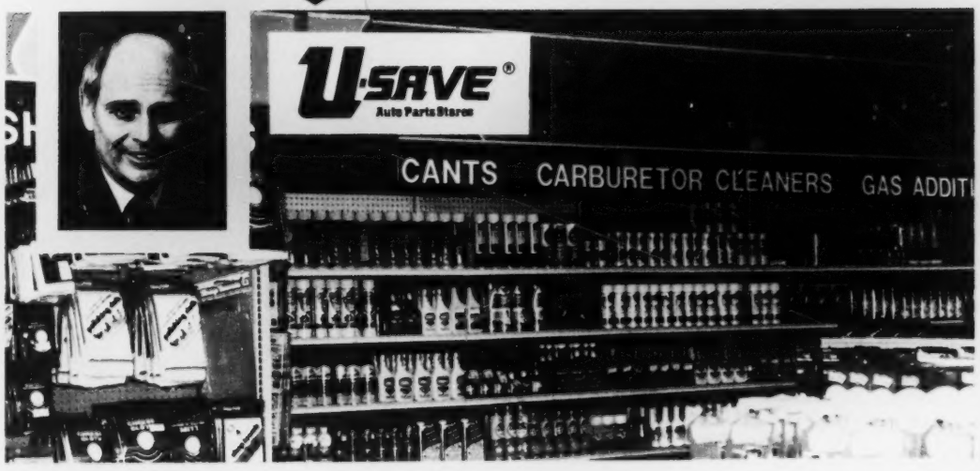
Let us know how you liked it! ■

Sarah Frankson, Publisher

DETAILING THE MARKET

IN-STORE FOCUS

PROFILE: U-SAVE AUTO PARTS STORES INC.
Headquarters: 7640 Densmore Ave., Van Nuys, CA 91406, (818) 782-7340
Stores: 8
Total Corp. Sales: (est.) $12,500,000
Average SKUs: 15,000
Founded: 1975
Region Covered: Southern California



Recently, a weary customer stopped at his local U-SAVE outlet in search of a part for his 1964 VW. He had shopped all of Southern California's "Big Guns"—and was reportedly disappointed every time. U-SAVE had the part he wanted, at a reasonable price—and at 7 p.m., when many other outlets were closed.

This kind of service is part of founder Merv York's method of beating the competition: "You have to be there when they're not."

Surrounded on all sides by large chains, the relatively tiny U-SAVE chain has managed not only to stay afloat, but also to carve out a niche in the intensely competitive Southern California market.

An APAA vice president and a member of its Board of Directors, York has a long history in the automotive aftermarket. The former president of Crown Auto in Minneapolis, York stayed with the company from 1962 until 1975. After moving to the Southern California area, he spotted a small furniture store for sale. He bought it, and converted it to an auto parts store, with business offices upstairs. That was the first U-SAVE store.

York runs his chain with a firm hand. Basically, corporate headquarters calls the shots on everything from ordering to color schemes, although input from store managers is considered.

Ordering is strictly controlled through corporate headquarters by York himself and his son Scott, the firm's executive vice president. Inventory sheets are regularly sent to each store, and the managers indicate what is needed based on their own particular area. But York and his son make the final decisions.

Part of the reason for such tight control of ordering procedures is the fact that U-SAVE, with a store average of 15,000 SKUs, carries an extensive inventory in order to meet the competition head-on.

Store managers do have a voice in display and staffing decisions, but they report to a director of store operations and his assistant. Each of these men is responsible for four stores. They are out in the field almost constantly, taking an active role in employee concerns such as hiring and firing; how an individual store is merchandised; and so forth. And, says a company spokesperson, if a particular store is a man short-handed, the director of store operations or his assistant is likely to fill in.

Most problems on the store level are solved by these two men—the chain of command continues up from them to York and his son. The firm's chief financial officer, Mo Han, completes the corporate triumverate.

For consumers U-SAVE outlets are easy to spot. They feature bright red exterior signing, and a multi-colored interior decor that favors a big, bold and bright approach. Although some stores are as large as 12,000 sq. ft., the average is about 9,000 sq. ft. With such a large number of SKUs per store in such a relatively small space, merchandising is all-important. Here is where managers contribute heavily: they can merchandise their own stores as they see fit, depending on customer mix and individual market area.

Store hours at U-SAVE are extensive. That kind of intense schedule is part of Merv York's way of doing things. When asked what makes the U-SAVE such a success, he frankly answered, "We work our asses off."

DETAIL

85%

more passenger cars were registered in New Hampshire in 1985 than were registered there in 1975, making it the state with the fastest growing passenger car population of all 50 states, according to Motor Vehicle Manufacturers Association.

PROFILE: 1981 MODEL YEAR CAR DIYers

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who drive 1981 model year cars, the age of car on which most DIY work is done this year.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	73.6%	26.4%	8.5%	24.5%	34.9%	14.2%	19.8%	22.6%	27.4%	17.0%	20.8%	23.6%	48.1%	16.0%	10.4%

THE AUTOMOTIVE MARKETING INDEX

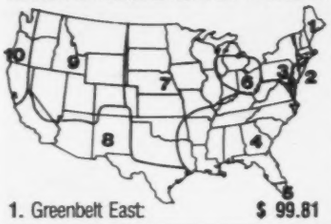
THE 1986-87 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index. The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

MARCH 1987 NATIONAL AVERAGE MARKETBASKET PRICES

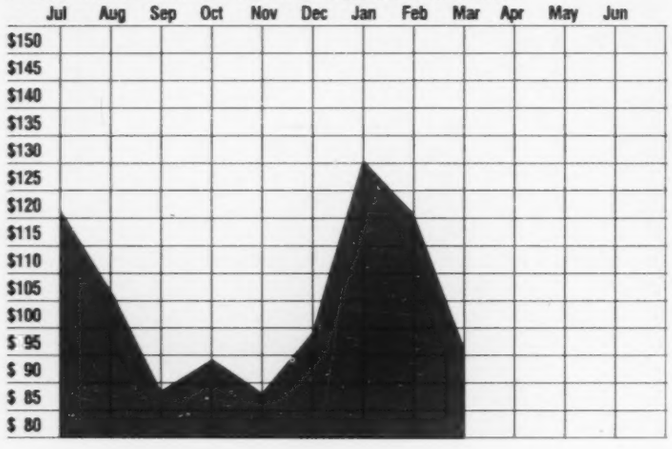
A non-resistor spark plug:	$ .71	A gas-charged shock:	$ 11.52
An oil filter:	1.95	One gallon of antifreeze:	3.36
A can of 10W30 oil:	.69	One pair of wiper refills:	2.32
A can of paste wax:	3.23	A 40-month battery:	32.22
An AM/FM/Cassette:	41.62	**Total:**	$ 97.62

MARCH AM MARKETBASKET PRICES BY MARKETING AREA



1. Greenbelt East:	$ 99.81	3. Smokestack East:	$100.04
2. Megapolis East:	82.05	4. Old South:	92.46
		5. Caribbean South:	112.19
		6. Smokestack Central:	115.53
		7. Grainbelt Central:	97.52
		8. Spanish West:	91.67
		9. Desert West:	97.78
		10. Greenbelt West:	98.30

NATIONAL AVERAGE MONTHLY 1986-87 AFTERMARKET BASKET PRICES



AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Qr	Current Period	Prior Period	Year Ago, Same Period	Low (51-87)	High (51-87)
Gross National Product	billion	4Q	$4,268.4	$4,240.7	$4,087.7	507.1 1Q 61	4,268.4 4Q 86
Retail Sales	billion	Mar	$124.7	$124.4.8	$116.7	–	–
Consumer Confidence	85 = 100	Feb	92.3	86.0	97.3	–	–

1987 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various aftermarket-related common stocks in various exchanges for the 52 week period prior to May 8.

	Exchange	52-week High	52-week Low	5/8 Quote	P-E Ratio
Armor All	OTC	20 3/8	10 1/4	20 1/4	25
Cardis Corp.	AMEX	10	2 5/8	4 3/8	4
Champ Parts	OTC	12	3 1/2	8 1/2	39
Champ Spk Plg	NYSE	14 1/4	8 3/4	14	–
Chief Auto	OTC	19 3/4	4 1/4	15	17
Crown Auto	OTC	4 1/8	3	3 3/8	–
Dana Corp.	NYSE	48 1/8	25 1/2	45 7/8	27
Durakon	OTC	18	9 7/8	10 1/2	13
Echlin	NYSE	25 3/8	15 1/4	19	16
Facet	NYSE	20 3/8	8 3/4	20 3/8	28
Genuine Parts	NYSE	54 1/4	40	52	22
Grand Auto	AMEX	25 1/4	15 3/4	20 1/8	168
Mr. Gasket	OTC	15	4 3/8	5 1/2	14
Prkr Hannflin	NYSE	37 5/8	20 1/4	34 1/2	18
Pennzoil	NYSE	95	48 1/8	84	43
Pep Boys	NYSE	53	31 1/4	46 7/8	30
Perry Drugs	NYSE	20 7/8	12	12 1/2	36
Purolator	NYSE	40 5/8	15	36 3/4	54
Quaker State	NYSE	31 3/4	23 1/2	26 1/2	15
Republic Auto	OTC	9 3/4	6 3/8	7	–
Rite Aid	NYSE	39 3/4	26 3/4	33 7/8	18
Sealed Power	NYSE	35 3/8	23 1/8	33 3/4	14
Southland	NYSE	60 1/2	44	48 3/4	8
Stan Mtr Prod	NYSE	25 3/8	16 1/8	20 5/8	15
Superior Ind	AMEX	19 3/8	11 1/8	18 3/8	12
TBC Corp.	OTC	13 1/4	5 3/4	13	14
TRW	NYSE	112	83 3/4	101 1/4	15
Tenneco	NYSE	50 1/2	36	48 1/4	–
Tracor	NYSE	24 1/8	16 1/2	20 1/8	21
Trak Auto	OTC	18 3/4	11	14	67
Triad Systems	OTC	15 1/8	8 1/2	12 3/4	25
Witco	NYSE	47 3/8	31 1/8	43 3/4	15

DOW JONES 65 COMPOSITE STOCKS

Dow Jones 65 composite stock and *AM's* 17 aftermarket stock price as of May 8.

AM 17 COMPOSITE AFTERMARKET STOCKS

PRODUCT OF THE MONTH: ANTIFREEZE

Drawing from the 1987 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed antifreeze during a 12-month period.

			Age					Income				Hours Per Month Spent On DIY				Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K	-1 hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	67.7%	32.3%	13.4%	28.5%	25.7%	13.7%	18.7%	28.9%	28.0%	13.9%	18.6%	15.5%	56.9%	17.1%	9.6%	37.3%	37.9%	24.8%

MARKET LINE

Battery Sales Reach All-Time High, But Suppliers Are Still Worried

"This will be yet another year of gross uncertainty," was the way one battery supplier characterized the battery aftermarket for 1987.

"It should be interesting, though," he continued. "The Winter went to Europe and the year's sales started slowly, although they picked up in February and March. You have companies trying to steal market share from each other with a lot of pricing actions. You have more factories than production. Then, there're some changes coming up at the OE level. And then we have two major suppliers merging."

We thought this supplier's analysis a nice summation of the current battery market. According to the suppliers we spoke with, three factors will influence the market.

- Poor sales at the beginning of the year.
- Intense competition among suppliers for distribution which will become even more intense if two major suppliers merge.
- Changes at the OE level that will affect the way batteries are sold.

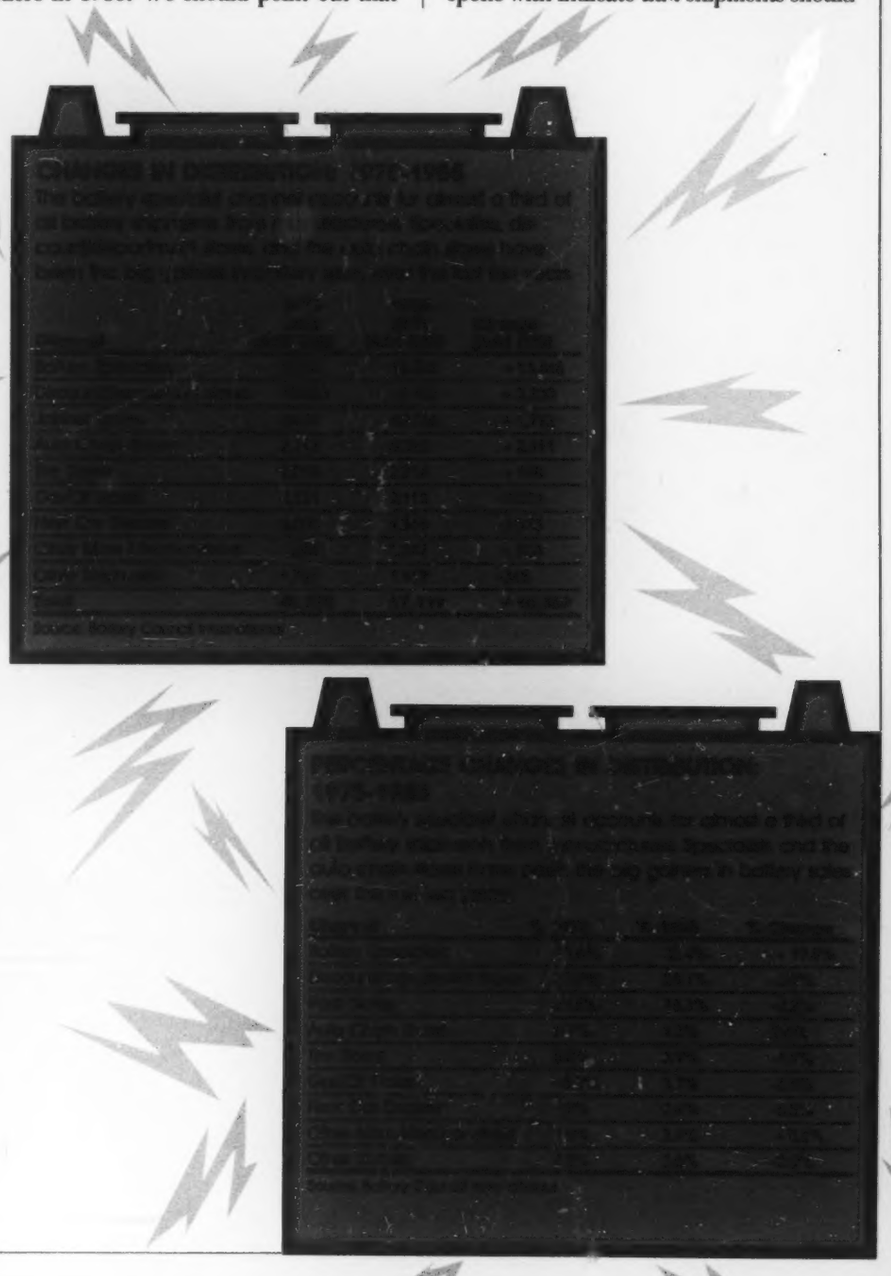
Let's look at these factors.

The year did start slowly in sales. Another supplier used an obscenity to describe January sales. Most parts of the country enjoyed a mild Winter without the extremes of temperatures needed to kill weak batteries.

However, early 1987 shipments were also slowed by very high levels of shipments in the last four months of 1986. End of year shipments are usually high (simply because most batteries are sold in Winter and retailers stock up). Last year's sales also started slowly, so 1987 could be a mirror of 1986 in that regard.

Early 1987 found retailers still clearing out inventories from 1986, the best year in automotive battery shipment history. According to Battery Council International (BCI), 60.3 million automotive replacement batteries were shipped by suppliers in 1986. We should point out that the BCI totals do not include shipments of other storage batteries, such as marine, motorcycle, golf cart, and other batteries. Automotive batteries typically make up about 80-85% of the total battery sales.

Best estimates from the suppliers we spoke with indicate that shipments should



Circle 11 →

remain in the 60 million range in 1987. At the distribution level, specialists and auto stores will keep or slightly increase their shares. But what's not so clear is who will sell replacement batteries to those specialists and stores.

There is intense competition among battery suppliers. The big news for 1987 is the proposed sale of General Battery Co. (GBC), Reading, PA to Exide, Horsham, PA. In fact, by the time you read this, the sale may be approved by the Federal Trade Commission.

Based on our interviews, here is the way the merger and other market strategies and tactics might affect the battery market in 1987.

PRIVATE LABEL BATTERY SHIPMENTS BY CHANNNEL OF DISTRIBUTION

The battery specialist channel accounts for a slightly lower percentage of private label sales.

Channel	Units Sold (Add 000)	% Total Sales
Battery Specialists	13,666	31.6%
Discount/Department Stores	12,968	30.0%
Jobber Stores	4,353	10.1%
Auto chain Stores	4,093	9.5%
Tire Stores	1,992	4.6%
Other Mass Merchandisers	1,940	4.5%
Car Dealers	1,811	4.2%
Gas/Oil Stores	1,757	4.0%
Other Outlets	601	1.5%
Total	43,191	100%

Source: Battery Council International

BRANDED BATTERY SHIPMENTS BY BY CHANNNEL OF DISTRIBUTION

Parts stores (the WD/jobber channel) sell the largest percentage of branded batteries, judging from battery shipments by manufacturers.

Channel	Units Sold (Add 000)	% Total Sales
Jobber Stores	6,082	43.6%
Battery Specialists	4,856	34.8%
Auto Chain Stores	1,230	8.8%
Gas/Oil Stores	361	2.6%
Tire Stores	222	1.6%
Discount/Department Stores	213	1.5%
Car Dealers	154	1.1%
Other Mass Merchandisers	8	0.1%
Other Outlets	812	5.9%
Total	13,938	NA

Source: Battery Council International

The largest battery supplier is Johnson Controls, Milwaukee, WI, with at least 25% and probably closer to 30% of the total market. Johnson only has three major customers, but they're all long-term customers and the kind of customers you want to have: Sears, Interstate Battery System, and a good portion of the NAPA business (GBC also has some of that business). Johnson has no branded battery on the market and sells exclusively private label.

Sears is the single largest distributor of batteries in the country and makes up about half of Johnson sales. Other suppliers admit no one else has the capacity to supply Sears so those sales seem to be safe against predators. Interstate is the largest battery specialist and sells about four million batteries a year.

Although other suppliers constantly joke that someday Johnson Controls will simply take over the whole market, that's not likely to happen. For one thing, much of its capacity is taken up by Sears (about half), and, for another, Johnson is not interested in playing the discount game so popular today in the battery market.

The two fastest growing battery manufacturers are AC-Delco and Exide.

AC-Delco, part of General Motors in Detroit, enjoys the second-best brand awareness in the market (behind Sears, ahead of Exide), and sells about 15-20% of the market. This has cost AC-Delco a lot of money in consumer advertising.

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UNITY

Competitors say Delco has increased its sales by spending on advertising, acting as a feeder for its accounts, correct consumer pricing, and shrinking its margins at all levels.

"Sure, Delco can say it doesn't need as much a profit as other companies," a competing supplier said. "It also has the OE connection, the whole Delco line, and a lot of customers feel they have to be connected to that. Delco is extending great credit terms and selling on consignment, so the distributor's investment is lighter. You have to wonder how long will it continue? Are they interested, long-term, in profit, or market share?"

TOTAL 1985 BATTERY SHIPMENTS BY CHANNNEL OF DISTRIBUTION

The battery specialist channel accounts for almost a third of all battery shipments from manufacturers. Specialists and the auto chain stores have been the big gainers in battery sales.

Channel	Units Sold (Add 000)	% Total Sales

Source: Battery Council International

The other fast growing company is Exide, a company with a 10-15% market share. It is the company that arouses strong emotions in other suppliers. Described as a very aggressive marketer, competitors concede that Exide has been "eating other suppliers alive" since the new management team came on board (in 1985, a team of ex-Tenneco executives led by president/CEO Arthur Hawkins took over Exide operations). Since then, among other gains, Exide won such major customers as the Checker/Schuck's/Kragen business from GBC and the Western Auto business from GNB.

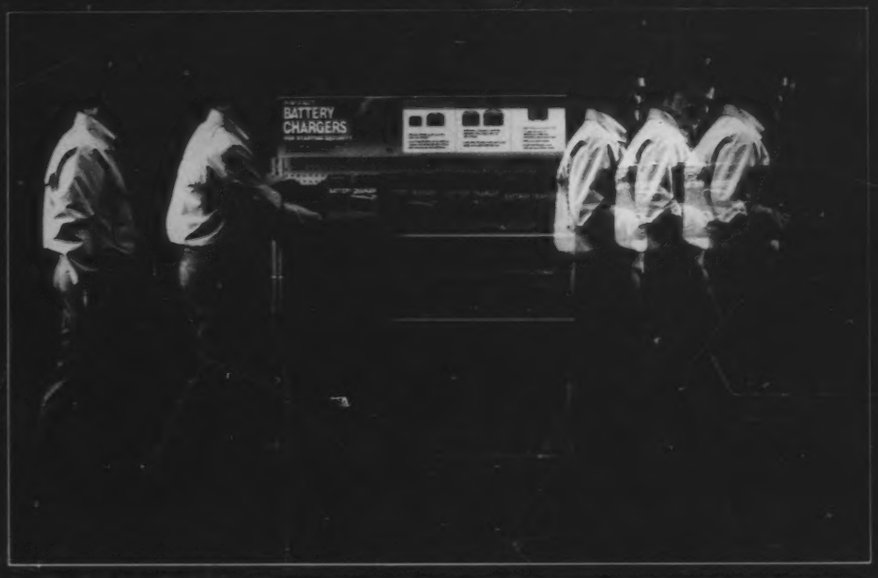
"If Exide has a serious problem, it's insufficient capacity," a competitor said. "They badly need more productive capacity and they'll get the capacity with GBC."

If the proposed sale of GBC to Exide goes through, the combination firm will become the primary source of batteries for most of the auto chains in the country. Competitors couldn't find any weakness in the sale except to wonder about the effect on Exide's debt load of paying $145 million. The sale will about double the market share of Exide since GBC has roughly the same share as Exide, but mostly in private label sales. The combination of strong private label and branded sales will make them a real force in the battery market.

GNB, St. Paul, MN, received high marks for engineering new products and working on niche marketing. It also enjoys about a 10-15% market share. "They work real hard to develop specialty products—auto, truck, marine batteries—that act as a plus to someone else's line," a supplier said. Several competitors had thought GNB would wind up purchasing GBC. "They're a quality producer," still another supplier said. "They choose not to compete on price and offer a nice bag of programs and products."

Behind the five larger companies are three smaller, but active national battery suppliers, all grouped at about 3-5% of the market. East Penn Battery, Lyons, PA, is active in private label batteries for oil companies. Like GNB, it gets good marks for its products. Douglas Battery, Winston-Salem, NC, drew praises from competitors for its programs that elimi-

Shelf Propelled!



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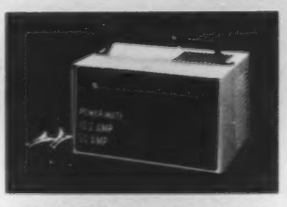

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nate the need for a battery specialist. Competitors wonder, however, if they're trying to grow too fast. Pacific Chloride, Columbus, GA, has retrenched and reorganized its efforts under its new Australian ownership. The short line Pulsar battery may give it a boost in sales. One competitor said, "They have to find their destiny yet."

Although these are not the only companies in the battery industry (there are perhaps 40 more regional suppliers such as Standard, Voltmaster, Estee, Prime, etc.), they are the major players in the game. One supplier suggested that the market might soon see several regional suppliers banding together and becoming a national force.

Battery suppliers also see a couple of technological factors that may be important influences on the battery market in coming years. For one thing, newer engines have higher temperatures and therefore a poorer environment for the battery. "People forget," a supplier said, "higher temperatures, both outside and under the hood, are very bad for batteries. The per vehicle replacement rate is higher in the U.S. than in Canada. It's higher in Phoenix than in International Falls. It's just that failure shows up in the Winter. So, emission controls make the engine run leaner and hotter. Aerodynamic vehicle designs leave less free space for heat to dissipate. Some of the new cars, such as the Ford Taurus, have gone to larger batteries to compensate for higher under-the-hood temperatures. Batteries may not be living as long in some of the new cars. We don't have enough evidence yet."

BATTERY SHIPMENTS BY YEAR (add 000)

In 1986, storage battery shipments reached 60 million units for the first time. Automotive batteries account for about 80% of the total.

Year	Units Shipped
1977	54,5[illegible]
1978	56,3[illegible]
1979	53,7[illegible]
1980	50,0[illegible]
1981	53,5[illegible]
1982	54,2[illegible]
1983	56,1[illegible]
1984	59,3[illegible]
1985	58,6[illegible]
1986	60,3[illegible]

Source: Battery Council International

When you combine the higher heat with the expected rise in increased parasitic loads in new cars because of increased electronics, you have a severe problem for battery makers. To compensate, battery makers foresee batteries with higher cold cranking amps (up to 850 compared with today's batteries that top out at about 650), along with increased requirements for reserve capacity (the measure of how long a battery can operate if the car's charging system fails). Suppliers say OE manufacturers may also choose to use 24-volt batteries in the future, or even two battery systems with a starting battery and a deep cycle battery to compensate for parasitic loads.

Along with technology, there are questions about the environment facing the industry. Lead and acid are both hazardous wastes and suppliers are good about staying within Environmental Protection Agency guidelines. But, in recent years, with low lead prices (although lead prices are currently rising), a larger number of batteries are not recycled. A supplier suggested as many as 20-30 million batteries (mostly non-automotive) a year are just abandoned. "Somebody's going to wake up in DC and get ticked off," he said, "They could easily make the industry clean them up. It's a major league problem the industry is just ignoring."

While these are factors to consider for the long run, this year will see more bitter battling for market share. Another 60 million batteries will be sold and it will be interesting to see who sells them. ■

There's millions of reasons to sell the E-Z/CV Boot Kit from Palmer:

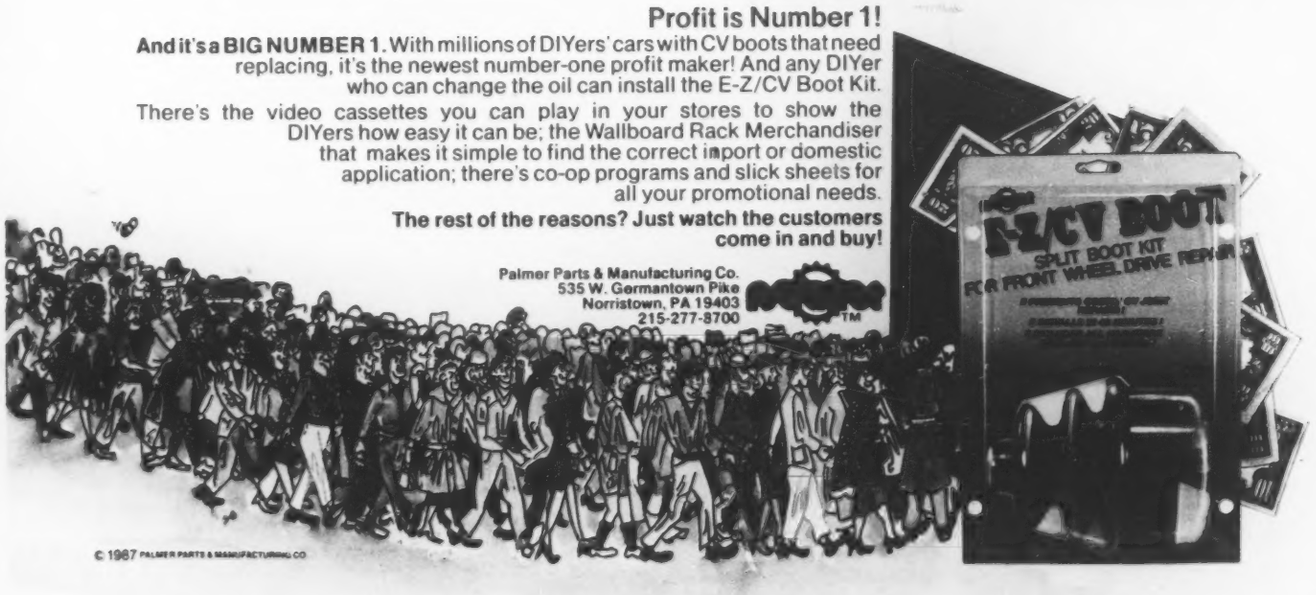
Profit is Number 1!

And it's a BIG NUMBER 1. With millions of DIYers' cars with CV boots that need replacing, it's the newest number-one profit maker! And any DIYer who can change the oil can install the E-Z/CV Boot Kit.

There's the video cassettes you can play in your stores to show the DIYers how easy it can be; the Wallboard Rack Merchandiser that makes it simple to find the correct import or domestic application; there's co-op programs and slick sheets for all your promotional needs.

The rest of the reasons? Just watch the customers come in and buy!

Palmer Parts & Manufacturing Co.
535 W. Germantown Pike
Norristown, PA 19403
215-277-8700



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(Circle 15 on Product Information Card)

(Circle 16 on Product Information Card→)

AM's 100 LARGEST AFTERMARKET RETAILERS

The aftermarket is not a simple market. When we decided to publish our list of the largest automotive retailers, we had some hard choices to make, and a lot of investigation to do. Here's how we went about it. First, we made the number of stores in operation our first consideration in determining the largest 100 chains, rather than the companies' sales volume. Sales volume is often difficult to verify, particularly from the privately held companies. Second, we list only companies which are primarily aftermarket retailers, with 60% or more of their sales across the counter to DIYers. This eliminates, of course, many of the large WD and jobber chains and programmed distributors such as NAPA. It also eliminates tire store chains, unless their sales were more than 60% general automotive aftermarket products to DIYers. When one company owned several chains operating under different names we consolidated their data under the parent company.

There were many steps in determining this list. We began with questionnaires sent to every chain headquarters we knew of. In many cases, we followed up with phone calls to chain headquarters. Then we checked our data against other sources, ranging from directories to news stories to credit bureaus. We even checked recent newspaper advertisements to determine the number of stores chains operate in different regions.

The list below is the result. We plan to keep our information current, and ask that changes and updates be sent to us as soon as the information is available. ■

Rank	Chain	Stores	$ Sales (+000)*	CEO	Address and Phone
1.	Checker/Schuck's/Kragen	480	500,000	G. Daniel Siewert III	15395 S.E. 30th, Suite 300, Bellevue, WA 98007 (206) 644-2002 645 Missouri Ave., Suite 400, Phoenix, AR 89012 (602) 265-9200
2.	Chief Auto Parts	465	256,000	Mike Manor	12200 Park Central Drive, Dallas, TX 75251 (214) 239-2256
3.	Auto Shack	355	360,000	Peter Formanek	3030 Poplar Ave., Memphis, TN 38118 (901) 325-4200
4.	Otasco, Inc.	267	324,000	Jerry L. Goodman	11333 E. Pine, Tulsa, OK 74116 (918) 43-7171
5.	Western Auto	251	700,000	John T. Lundegard	2107 Grand Ave., Kansas City, MO 64108 (816) 346-4490
6.	Auto Works	236	145,000	Jack M. Gallagher	5400 Perry Dr., Pontiac, MI 48056 (313) 334-1300
7.	Trak Auto	212	190,000	Ben S. Kovalsky	3300 75th Ave., Landover, MD 20785 (301) 731-1200
8.	The Pep Boys	180	486,000	Benjamin Strauss	3111 W. Allegheny Ave., Philadelphia, PA 19132 (215) 229-9000
9.	Nationwise, Inc.	178	200,000	Saul Levy	3750 Courtright Ct., Columbus, OH 43227 (614) 239-1111
10.	Steego Auto Parts	147	150,000	Russell Duncan	319 Clematis St., West Palm Beach, FL 33401 (205) 655-9700
11.	Whitlock Corp.	146	141,000	R. Keith Green	1375 Mount Prospect Rd., Des Plaines, IL 60017 (312) 699-5040
12.	Champion Auto Stores	125	60,000	Robert "Bud" Rose	5520 North Country Rd., New Hope, MN 55428 (612) 535-5984
13.	Advance Stores Co.	116	55,000	Nicholas Taubman	802 Kerns Ave., Roanoke, VA 24015 (703) 345-4911
14.	Grand Auto	113	165,842	John F. Goodsell	7200 Edgewater Dr., Oakland, CA 94621 (415) 568-6500
15.	Super Shops	91	90,000	Harry Eberlin	1499 S. Tippecanoe Ave., San Bernardino, CA 92408 (714) 796-0266
16.	Guarantee Auto	77	45,000	Arnold Busse	5611 E. 71st St., Indianapolis, IN 46220 (317) 849-4000
17.	O'Reilly Automotive (Ozark)	75	28,000	Charles O'Reilly	233 S. Patterson, Springfield, MO 65802 (417) 862-3333
18.	Aid Auto	74	13,000	Philip L. Stephen	475 Doughty Blvd., Inwood, NY 11696 (516) 371-4330
19.	Hi-Lo Consolidated	73	90,000	James Turnbow	14530 Wunderlich Dr., Houston, TX (713) 444-9052
20.	Discount Auto Parts, Inc.	65	48,000	Denis L. Fontaine	4900 Frontage Road South, Lakeland, FL 33802 (813) 687-9226
21.	ADAP	60	50,000	Frank Corella	660 Bodwell St., Avon, MA 02322 (617) 587-8400
22.	Hi-Gear Tire & Auto Supply	56	30,000	Murray Friedman	110 Ritchie Rd., Capitol Heights, MD 20743 (301) 336-3000
23.	Pettigrew-Smith Auto Supply	55	50,000	Ken Smith	8119 Jensen Dr., Houston, TX 77093 (713) 695-3613
24.	R&S/Strauss	54	70,000	Don Schlenger	1835 Burnet Ave., Union, NJ 07083 (201) 686-8200
25.	Crown Auto	53	36,769	Floyd R. Adelman	7550 Corporate Way, Eden Prairie, MN 55344 (612) 937-9000
26.	Big Bear Stores	50	31,000	Jerry Hammerel	640 54th Ave. N., St. Cloud, MN 56301 (612) 287-9000
27.	Action Auto	48	45,000	Dick Sabo	2128 S. Dort Hwy, Flint, MI 48507 (313) 235-5600
28.	Mark C. Bloome	47	63,000	Jerry Rogers	1000 N. Krammer Place, Anaheim, CA 92806 (714) 632-9660
29.	Fletcher Enterprises	44	43,000	Jerry Fletcher	2601 N. 32nd Ave., Phoenix, AZ 85009 (602) 269-1351
30.	Quality Stores	40	160,000	John L. Hilt	1460 Whitehall Rd., North Muskegon, MI 49445 (616) 744-2491
31.	Forest City Auto Parts Co., Inc.	35	12,000	Arnold Bellowe	25350 Rockside Rd., Cleveland, OH 44146 (216) 439-5756
32.	Taylor Parts, Inc. (TPS)	33	17,000	James M. Taylor	208-210 E 3rd, Andalusia, AL 36720 (205) 222-6534
33.	Ben Pilla Speed Shops	31	10,000	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031 (609) 931-4041
34.	Linkon's Auto Supply	30	11,000	Leonard Linkon	2720 E. 2nd St., Centralia, IL 62801 (618) 533-1311
35.	Master Auto Service Corp.	28	19,000	Archer Green	2000 Colonial Ave., Norfolk, VA 23517 (804) 622-1821
36.	Parts City, Inc. (Alexander Seewald)	28	11,000	Andy Moye	1420 Seaboard Industrial Blvd., Atlanta, GA 30377 (404) 355-3411
37.	Twin "B" Auto Stores	27	20,000	H.R. Graham, Jr.	5957 E. Virginia Beach Blvd., Norfolk, VA 23502 (804) 461-7723
38.	Ace Auto Parts	26	17,000	T.D. Cox	4351 34th St. North, St. Petersburg, FL 33714 (813) 526-1664
39.	Top Auto Stores	25	13,000	John Goodsell	14302 1st Ave., South, Seattle, WA 98168 (206) 246-4838
40.	Acme Auto Supply, Inc.	25	7,500	Melvin L. Fine	620 R Oakwood Ave., West Hartford, CT 06110 (203) 246-2540
41.	Murray's Discount Auto Stores	25	5,900	Irving E. Pitt	27707 Plymouth Rd., Detroit, MI 48239 (313) 937-8360
42.	Crazy Joe's	24	17,000	Joe Armentrout	704 Jackson Park Rd., Kannapolis, NC 28081 (704) 938-4631
43.	Fisher's Auto Parts	23	20,000	Jim Fisher	295 McCarty Dr., Houston, TX 77029 (713) 672-5678

AM's 100 LARGEST AFTERMARKET RETAILERS

Rank	Chain	Stores	$ Sales (+000)*	CEO	Address and Phone
44.	Big Wheel Auto Stores	23	13,000	R.B. Shaller	1335 Mendota Heights Rd., Mendota Heights, MN 55120 (612) 452-7484
45.	World Wide Auto Parts, Inc.	23	11,500	Russ Haehn	87 Brooklyn, Youngstown, OH 44507 (216) 782-2204
46.	Stinger Sam Auto Parts, Inc.	21	7,000	Ralph & Neil Stinger	P.O. Box 10677, Springfield, MO 65803 (417) 862-8107
47.	Gatling's Auto Stores	20	6,500	Albert C. Premus	117 W. Peach St., Connellsville, PA 15425 (412) 628-3340
48.	Royal Auto Supply	20	5,900	Jon Slenn	Twin Park Industrial Center, Colmar, PA 18915 (215) 822-1359
49.	Save Auto Stores	18	10,000	Don H. Hampton	7949 S. I35, Oklahoma City, OK 73143 (405) 634-1401
50.	Performance Centers of America	17	7,500	Donald R. Raleigh	180 Whitman Ave., Edison, NJ 08817 (201) 287-5200
51.	Auto Parts World	17	7,200	Anthony Dabrowski	1176 W 14 Mile Rd., Clawson, MI 48017 (312) 288-0660
52.	Al's Auto Supply	16	12,000	Ron Hollyoak	6308 Everett Greenway, Everett, WA 98203 (206) 353-1234
53.	B&C Auto Supply	16	12,000	Harold Dill	5491 Minnesota Dr., Anchorage, AK 99518 (907) 562-2047
54.	Grafton Corp	16	12,000	Paul C. Grafton	1006 Middle River Rd., Baltimore, MD 21220 (301) 574-1194
55.	Kissinger Discount Auto Stores	16	3,500	Vester M. Kissinger	3100 N. Main St., Fort Worth, TX 76106 (817) 625-4333
56.	Von Housens Auto Parts	15	7,500	George Grinzewitsch	2634 Juniper Lane, Sacramento, CA 95825 (916) 485-7552
57.	Butler Auto Supply (Parts Central)	14	7,000	Milton Butler	3243 Whitfield St., Macon, GA 31297 (912) 745-9295
58.	All-Parts Automotive, Inc.	14	6,500	James J. Meyer, Jr.	900 E. Tuscarawas, Canton, OH 44707 (216) 455-0881
59.	Toohey's Auto Supply Co.	14	6,500	G.W. Toohey	149 E. Woodlawn Ave., Louisville, KY 40214 (502) 368-3897
60.	Johnie's Discount Auto Supply	14	6,000	Johnie Marshall	627 Main St., Garland, TX 75040 (214) 272-0450
61.	Bennett Auto Supply	14	5,500	Allen Bennett	3869 N. Dixie Hwy, Oakland Park, FL 33334 (305) 565-4636
62.	Babcock Stores	14	5,200	Robert Hendrik	114 W. Woodward St., Denison, TX 75020 (214) 465-2536
63.	Kentucky Motor Service, Inc.	14	3,000	Anthony Neltner	235 Scott St., Covington, KY 41011 (606) 431-0309
64.	Scherbas Auto Stores, Inc.	13	16,000	Ted R. Scherba	3910 El Camino Rd., Burlingame, CA 94101 (415) 341-7478
65.	National Automotive Superstores	13	13,500	David H. Wallace	4317 N. Palafox, Pensacola, FL 32505 (904) 434-2371
66.	VIP Discount Auto	13	11,000	Thomas O. Auger	485 Sabattus St., Lewiston, ME 04240 (207) 784-5464
67.	Mechanics Warehouse, Inc.	13	8,000	Roger Zeefe	5100 St. Clair Ave., Cleveland, OH 44103 (216) 431-1166
68.	Bradshaw Auto Parts Co.	13	7,500	Mark Marchant	479 West 91-60 South, Sandy, UT 84070 (801) 322-2546
69.	Short's Auto Stores, Inc.	13	7,500	Jay Coopersmith	22905 Chrysler Dr., Hazel Park, MI 48030 (313) 546-9700
70.	A&A Auto Stores, Inc. (Keystone)	13	4,500	Joseph Amato, Jr.	Route 11, State Hwy, Moosic, PA 18507 (717) 457-6786
71.	LDC Auto Stores	13	4,000	Herbert J. Katz	1400 Queen Anne Rd., Teaneck, NJ 07666 (201) 837-0777
72.	L&M Tire Co., Inc.	12	10,000	Ernest J. Jubela	1535-15 E. Valley Pkwy., Escondido, CA 92027 (619) 741-4044
73.	American Auto/Art's Auto Supply	12	10,000	Ken Millard	1011 Mason St., Omaha, NE 68108 (402) 345-1797
74.	Maynard Supply Co.	12	9,000	Lee Maynard	230 N. Winooski Ave., Burlington, VT 05401 (802) 862-6517
75.	Guy Henshall Supply Co., Inc.	12	4,500	Brian K. Franklin	901 S. Memorial, Tulsa, OK 74112 (918) 836-0057
76.	Professional Auto Parts Associates	12	4,200	Meyer Chernock	2230 Reisterlown Rd., Baltimore, MD 21217 (301) 669-0800
77.	Auto Barn Stores	12	3,500	Herbert Blumberg	13 Haror Park Dr., Port Washington, NY 11050 (516) 484-9500
78.	Blomgaars	11	14,000	H.A. Bomgaars	333 Douglas St., Sioux City, IA 51102 (712) 277-2000
79.	Midwest Auto Sepcialties	11	8,500	David Loya	9090 Bank St., Cleveland, OH 44125 (216) 447-4470
80.	D.G. Nicholas	11	4,500	D.Y. Nicholas	601-615 Wyoming Ave., Scranton, PA 18501 (717) 342-7683
81.	Auto, Truck & Van Associates	10	14,000	Walter A. Lahmann, Jr.	150 Engineers Rd., Hauppauge, NY 11788 (516) 435-4555
82.	Knechts of Springfield, Inc.	10	8,500	Wallis N. Knecht	3400-02 Main St., Springfield, OR 97478 (503) 746-4446
83.	R.I. Mitchell Co.	10	6,000	Earl Isaacson	15 Lincoln St., Lewiston, ME 04240 (207) 784-6411
84.	Scogin Auto Service, Inc	10	4,500	Joe W. Scogin	P.O. Box 618, Leesville, LA 71446 (318) 239-4553
85.	Kar Parts, Inc.	10	3,000	Stanley Rak	Hwy 206 S. & Sherman Ave., Raritan, NJ 08869 (201) 526-7011
86.	Wise Buy Discount Auto Supply	10	3,000	Frank Weiser	15280 E. Iliff Ave., Aurora, CO 80014 (303) 695-0570
87.	Mr. Auto Supply Inc.	10	3,000	Mike Jelvik	4155 S. Broadway, Englewood, CO 80110 (303) 761-6721
88.	Economy Imports	9	6,000	Peter J. Blacklock	980 George St., Santa Clara, CA 95090 (408) 988-2452
89.	Blue Star Auto Stores	9	5,000	Eugene Weisman	2001 State St., Chicago, IL 60616 (312) 225-7174
90.	Cash & Carry Auto Parts	9	5,000	Steve Burt	Hwy 78 & Barry St., Oxford, AL 36203 (205) 238-8277
91.	U-Save Auto Parts	8	12,500	Merv York	7640 Densmore Ave., Van Nuys, CA 91406 (818) 782-7340
92.	Walter H. Bryan, Inc	8	6,500	Walter H. Bryan, Jr.	Stewart Lane S.P.O. 6772, Jacksonville, FL 32205 (904) 389-6644
93.	Parkway Auto Parts	8	4,000	L. Williams	1174 Forest Pkwy., Lake City, GA 30260 (404) 363-1096
94.	PV Performance Centers	8	3,000	Brian Peavey	124 Eastern, Malden, MA 02148 (617) 321-7414
95.	Indy Auto Stores	8	1,000	Dennis Fitzgerald	8458 Sunland Blvd., Sun Valley, CA 91352 (818) 768-9017
96.	Seventh Avenue Auto Parts	8	1,000	Robin Conant	112 N. 7th Ave., Phoenix, AZ 85001 (602) 258-6731
97.	Inter-City Auto Stores, Inc.	7	1,600	Stanley Ginsberg	5975 NW 82nd Ave., Miami, FL 33166 (305) 592-9211
98.	Thrifty Auto Parts	6	3,500	Keith Thompson	17325 Sprague Ave., Greenacres, WA 99016 (509) 928-0770
99.	Katella Auto Parts, Inc.	6	2,500	John Lown	1877 W. Katella Ave., Anaheim, CA 92804 (714) 635-5541
100.	Wingate Automotive	6	2,500	I. Fred Anderson	1283 NW 31st Ave., Fort Lauderdale, FL 33311 (305) 584-4232

* Reported or estimated for 1986

AM's STATISTICAL SUPPLEMENT

Intelligent decisions must be based on hard data. Here are some data to help you make the best decisions possible.

by **Philip Katcher,** Research Editor

Information, often in the form of statistical data, is the foundation upon which intelligent business decisions must be built. In this issue *Automotive Marketing* highlights some important information.

Estimated retail sales for 1985 and 1986 give retailers some important information. From this data, we see that automotive retailers have had only slight sales growth over the course of 1986, as compared to 1985. It was lower than service station sales growth, but better than the loss felt by department stores.

Furthermore, the data shows that, while department stores, as expected, have dramatically better sales figures in December (for Christmas), automotive retailers do best in early Fall. July and Oc-

ESTIMATED MONTHLY RETAIL SALES, 1986 (in millions of dollars)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total	% of Change
Home & Auto Supply Stores	1,759	1,606	1,853	2,070	2,130	2,109	2,292	2,106	2,105	2,193	2,045	1,984	24,205	+ 0.7%–
Dept. Stores	7,954	8,049	10,769	10,644	11,985	10,971	10,519	12,037	10,866	11,810	14,222	22,071	141,897	- 5.3%
Serv. Stations	8,067	7,122	7,173	6,941	7,442	7,451	7,390	7,110	6,873	7,022	6,675	6,923	89,189	+16.9%

ESTIMATED MONTHLY RETAIL SALES, 1985 (in millions of dollars)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total	% of Change
Home & Auto Supply Stores	1,695	1,541	1,910	2,104	2,165	2,143	2,208	2,174	2,025	2,196	2,165	2,039	24,365	–
Dept. Stores	7,629	7,769	9,984	10,408	11,171	10,447	9,717	11,436	10,154	11,216	13,910	20,903	134,744	–
Serv. Stations	7,836	7,063	7,947	8,348	8,794	8,774	9,070	9,005	8,380	8,647	8,285	8,618	100,767	–

Source: Bureau of the Census

PRIME DIYERS' CARS

DIYers do the most work on cars that are around seven years old instead of newer or older. Stocking, therefore, to meet their demands requires knowing what sort of cars sold best seven years ago. Below, we list the 1981 car models and the numbers of each specific model sold that year. The scrappage rate of these cars between 1981 and 1985 was 5.8%.

Cars	Number sold
AMC	
Spirit (Gremlin/AMX)	33,504
Concord (Hornet)	59,846
Pacer	111
Eagle	43,221
Chrysler	
TC3	51,815
Horizon 4-door	75,377
Reliant	190,158
Volare	6,839
Gran Fury	9,312
LeBaron	46,991
Cordoba	23,904
Chrysler	15,071
Imperial	4,649
O24	51,071
Omni 4-door	56,038
Aires	143,619
Aspen	6,034
Dodge 400	3,150
Diplomat	25,598
Miranda (Magnum)	13,947
St. Regis	5,628
Colt	42,796
Champ	42,128
Sapporo	13,326
Challenger	12,690
Ford	
Thunderbird	69,775
Granada	106,996
Fairmont	182,909
Pinto	10,037
Escort	284,907
EXP	54,502
Mustang	154,985
Mercury	53,145
Cougar XR7	28,706
Zephyr	50,603
Bobcat	2,169
Lynx	92,809
LN7	18,217
Capri	47,151
Lincoln	29,178
Continental	4,919
General Motors	
Chevrolet	210,424
Corvette	29,039
Monte Carlo	161,158
Celebrity	212,491
Camaro	94,606
Citation	300,184
Cavalier	88,072
Chevette	346,307
Pontiac	82,620
Grand Prix	128,236
Bonneville LeMans, A6000	75,313
Firebird	52,188
Phoenix	82,285
J-2000	75,884
T-1000	55,868
Oldsmobile	243,245
Toronado	38,609
Cutlass/Ciera	456,904
Omega	109,981
Buick	139,497
Riviera	47,964
Century/Regal	334,696
Skylark	200,460
Cadillac	138,948
Eldorado	54,389
Seville	22,724
Cimarron	14,604
Checker	2,904
Volkswagen	
Rabbit (US-made)	162,005
Rabbit (GFR-made)	12,081
Jetta	27,972
Scirocco	17,042
Dasher	13,660
Vanagon	10,882
Quantum	515
Beetle Convertible	33
Toyota	
Corolla	241,639
Corolla Tercel	121,328
Celica	103,879
Starlet	32,825
Cressida	29,583
Corona	22,337
Celica Supra	16,146
Land Cruiser	2,027
Hawaii	6,727
Nissan (Datsun)	
210	160,077
310	77,956
200 SX	76,024
280 ZX	63,791
Stanza (510)	46,432
Maxima (810)	35,495
Hawaii	5,031
Honda	
Accord	172,557
Civic	154,698
Prelude	43,450
Audi	
4000	18,647
5000	17,611
5000 Diesel	6,139
5000 Turbo	5,576
Coupe	2,553
4000 Diesel	297
JRT Inc.	
Triumph	9,759
Jaguar	4,688
MG	3,700
Rover	774
Peugeot	
505 Turbodiesel	9,375
505 (504) Diesel	4,641
505 (504) Gasoline	2,124
604 Turbodiesel	335
604SL	250
Porsche	
911S	4,016
924	3,251
928	2,019
924 Turbo	1,938
930 Turbo	17

Sources: Domestic car data, Motor Vehicle Manufacturers Association. Imported car date, copyright 1982, Ward's Communications, Inc. Reprinted with permission.

AM's STATISTICAL SUPPLEMENT

tober are the best sales months for these retailers, but even they are only nominally better than many other months such as May and August. It is no surprise to find that service stations do better in August as families pile into their cars and head out across America on their vacations.

What may be a surprise is that these drivers may be hailing in ever increasing numbers from states that are not seen as growth states. For example, consider New England. In terms of population, the area didn't grow over the past decade as fast as the "Sunbelt." In terms of car population, however, many of its states grew faster than many of these then very popular warm-weather states. Comparing passenger car registrations from 1975 to 1985, we find that New Hampshire and Vermont had a growth rate ahead of the nation's, while Georgia, South Carolina, and North Carolina lagged behind the national growth rate.

And, lots of people are driving light trucks. In fact, the top states for light truck ownership are, in order, Texas, California, Florida, Ohio, Michigan, and Georgia—not states clumped together in one part of the country. The message is that there is no one area that's specifically "light truck country."

The cars that concern aftermarket retailers the most, however, are the prime core DIYer cars. For 1987 these are the cars that were purchased in 1980. These are the cars that studies have repeatedly found are being worked on the most by DIYers as their value has dropped to the point where their owners don't bother (or can't afford) to take them to professional servicemen. As well, these were, for the most part, fairly simple cars, mechanically speaking, that the shade-tree mechanic can still work on without a degree from the Massachusetts Institute of Technology. These are, then, the cars that parts should be stocked for.

Armed with this basic data, then, the retailer should be able to determine when his best selling season should be, how his state-wide trading area stacks up both in terms of number and growth of vehicles, and what car models he should be stocking parts for. ■

SALES OF SELECTED RETAIL PRODUCTS

Item	Unit	1985
Batteries, Replacement	Batteries	58,684,000
Antifreeze/ Coolant	Gallons, separate	143,912,537
Cleaners, Brake	Containers	15,294,550
Cleaners, Carb & Choke	Containers	31,720,158
Cleaners, Exterior	Containers	25,004,267
Degreacers, Engine	Containers	20,778,725
De-icers, Windshield, Lock	Containers	11,315,669
Lubricants & Silicones	Containers	64,668,372
Motor Oil	Gallons	1,364,164,000
Refrigerants	Containers	72,216,750
Tire Inflators & Sealants	Containers	23,623,196

Sources: American Petroleum Institute, Chemical Specialties Manufacturers Association, General Battery Corp.

MOTOR VEHICLE REGISTRATION BY STATE OR DISTRICT

State	% Growth Of Cars 1975 to 1985	Passenger Cars 1975	Passenger Cars 1980	Passenger Cars 1985	Light Trucks 1985
Alabama	21	1,876,000	2,105,546	2,274,000	861,217
Alaska	75	135,000	156,000	236,000	115,048
Arizona	35	1,109,000	1,372,742	1,500,000	606,937
Arkansas	13	875,000	1,036,456	991,000	416,809
California	25	11,392,000	13,268,456	14,274,000	3,130,985
Colorado	45	1,429,000	1,739,718	2,078,000	632,956
Connecticut	21	1,870,000	1,984,064	2,263,000	115,642
Delaware	31	289,000	321,644	379,000	77,865
District of Columbia	(14)	249,000	247,137	214,000	8,771
Florida	62	4,855,000	6,196,637	7,886,000	1,636,576
Georgia	14	2,609,000	2,932,464	2,979,000	1,058,413
Hawaii	35	428,000	514,509	578,000	68,412
Idaho	34	419,000	513,256	562,000	260,374
Illinois	15	5,406,000	6,240,460	6,211,000	1,304,137
Indiana	17	2,572,000	2,872,006	3,014,000	772,382
Iowa	14	1,528,000	1,678,976	1,743,000	551,900
Kansas	16	1,271,000	1,387,847	1,476,000	533,080
Kentucky	7	1,653,000	1,807,358	1,769,000	700,231
Louisiana	27	1,635,000	1,968,041	2,074,000	845,289
Maine	16	520,000	518,079	604,000	178,983
Maryland	35	2,180,000	2,345,047	2,769,000	462,265
Massachusetts	20	2,787,000	3,289,836	3,332,000	378,004
Michigan	14	4,619,000	5,246,057	5,279,000	1,069,897
Minnesota	16	1,967,000	2,314,444	2,274,000	560,838
Mississippi	7	983,000	1,219,147	1,047,000	337,969
Missouri	21	2,180,000	2,432,407	2,626,000	795,912
Montana	7	370,000	419,700	396,000	203,386
Nebraska	1	826,000	835,644	833,000	308,103
Nevada	55	348,000	471,593	540,000	174,610
New Hampshire	85	418,000	471,593	773,000	130,815
New Jersey	15	3,839,000	4,256,753	4,412,000	341,767
New Mexico	38	552,000	686,626	760,000	381,854
New York	15	6,772,000	6,994,316	7,774,000	917,218
North Carolina	12	2,844,000	3,395,784	3,190,000	976,695
North Dakota	31	332,000	364,909	434,000	186,350
Ohio	7	6,206,000	6,415,046	6,621,000	1,095,269
Oklahoma	22	1,425,000	1,807,643	1,744,000	836,479
Oregon	20	1,331,000	1,538,556	1,599,00	515,500
Pennsylvania	(7)	6,354,000	5,821,025	5,867,000	996,799
Rhode Island	9	510,000	542,462	554,000	74,105
South Carolina	19	1,384,000	1,533,081	1,644,000	465,439
South Dakota	22	337,000	369,549	411,000	203,827
Tennessee	41	2,029,000	2,564,551	2,864,000	693,870
Texas	41	6,165,000	7,484,817	8,681,000	3,337,245
Utah	25	608,000	678,027	759,000	314,270
Vermont	25	235,000	270,287	293,000	82,029
Virginia	26	2,785,000	3,071,578	3,571,000	600,474
Washington	34	1,883,000	2,293,231	2,517,000	882,882
West Virginia	42	720,000	926,962	1,022,000	297,449
Wisconsin	8	2,194,000	2,599,134	2,382,000	585,769
Wyoming	51	193,000	277,806	291,000	182,454
Total	34	107,371,000	[illegible]	130,364,000	[illegible]

Sources: Motor Vehicle Manufacturers Association, U.S. Department of Transportation's Table MV-9

PLAN FOR INFORMATION SYSTEMS

Business information is too important to be left to chance. It may be time for you to develop an information management system of your own.

by **Randy Allen,** Touche Ross

Retail automotive aftermarket businesses run on bits and pieces of information. Such information includes prices, product turns, SKUs, sales, orders, and other bits of business data. Today, automotive retailers have only to pick up a business magazine to read about how companies use management information systems (MIS)—systems that put all those bits of information in a meaningful fashion—to gain competitive advantages.

You might wonder then, are there information systems you should be developing for your aftermarket business?

There probably are. Such information systems and their uses include:

- Generic systems that run the day-to-day business, such as payroll and general ledger.
- Systems used to enhance productivity, such as computer generated labor scheduling.
- Systems used to gain a competitive edge, such as a data base of competitors or zone pricing.
- And systems which are considered defensive in nature—like those which stores use to improve customer service levels, (automated electronic ordering system tied to suppliers) for instance.

But before working on top-of-the-line, competitive systems, first be sure all the generic systems that run your business day-in and day-out are in place and running smoothly.

Frankly, true examples of major competitive systems are few and far between. But almost every successful retailer has good quality systems for daily operations. And having those systems requires corporate information planning.

Why Plan For Information?

Information planning is a process that identifies system needs, priorities, and ways to reach them. It is a major expenditure justified by your company's need to support your business plans.

You might ask why you should plan for information systems. Just consider for a moment the capital, time, and people you invest in your information systems. Your information systems should be planned just as any major expenditure is, and should be closely linked and planned in tandem with business plans.

For automotive retailers, planning is even more critical than for some other retailers. In the past few years, the aftermarket has become much more competitive, and typical merchandise planning is done on a six-month time period. Most major information systems usually take at least a year to implement, even when using a package, so planning is critical. In addition, without careful planning in the systems area, resources can be pushed and pulled continually, addressing short-term problems and never getting to the major systems needed to run the business and remain competitive.

Randy Allen is a partner in the Newark, NJ office of Touche Ross. She invites comments on this article and can be reached at (201) 622-7100.

MIS BUDGETS: PERCENT OF SALES BY RETAILER TYPE

As a group, the respondents to a recent study on computer use in retailing operations spend slightly over 1% of their sales on management information systems (MIS). The actual range can be quite broad, however, with firms reporting spending as little as 0.1% and as much as over 2%. Retail automotive aftermarket stores fall into the specialty hardgoods category in this study.

Type Of Retailer	MIS Budget As % Of Sales
Total	1.07%
Specialty Hardgoods	0.77%
Discount/Mass Merchandiser	0.99%
Department	0.96%
Variety	1.46%
Specialty Softgoods	1.16%
Other	0.06%

Source Touche Ross

MIS BUDGETS: PERCENT OF SALES BY SALES VOLUME

As retail firms grow in sales, they do gain some economies of scale in management information systems (MIS).

Sales In Millions	MIS Budget As % Of Sales
Total	1.07%
$1-$50	1.20%
$51-$150	1.13%
$151-$250	1.13%
$251-$350	0.06%
Over $351	1.05%

Source Touche Ross

Developing The Plan

There are four major phases in developing an information systems strategy and plan:

- Assessment: review current information systems status.
- Strategy development: determine information systems strategic direction.
- Plan development: conceive the information systems master plan.
- Execution: implement and control the information systems plan.

First, there are some basics to consider starting with the *planning team.* The team should be led by the senior MIS or data processing executive, if your company has one. The team members, one from each functional area of the business, should report to the senior executives of the company, to ensure clear direction and priorities on the business plans, resolution on key policy and business decisions, and commitment of the resources necessary to developing the plan. The team should get management approval before implementing the final plan to prevent hassles and delays.

Another consideration is that information planning is not a cookbook, step-by-step activity but rather a *process* which needs to be modified to meet the company's unique needs and environment. The team must seek and be receptive to the needs of all information users and provide enough flexibility in the plan to adapt to these needs.

Timing is another important consideration. Try to complete the plan in a relatively short time so that planning does not become an end in itself. A typical automotive retailer can develop a high quality long-range information systems plan in about two to four months. The plan should cover three to five years.

The *level of detail* at the planning stage is still another consideration. The first step in the execution of the plan for a particular application is a detailed feasibility study and an outline of the system requirements. The plan therefore needs to describe applications in broad terms with broad statements of business needs.

Assessment

The planning process begins with as-

sessment of the current information available, the company's business plans, and the systems needed to support those plans. In this phase, the project team answers the following questions:

- Where are we?
- Where do we want to go?
- What are the business, technology, and resource issues?

To answer these questions, the team must understand the business's needs and directions, the current status of MIS within the company, what is happening with other automotive retailers in the technology area, and where technology is headed. This information enables the team to understand the opportunities which technology can provide to run the business more effectively.

This assessment phase is very important because the team must have a clear picture of where the company is before it can develop a road map for where it wants to go. Part of the assessment involves determining user needs and satisfactions, as well as the MIS capabilities needed to support increased demands and new business plans.

Strategy Development

This phase sets the direction and strategy for MIS. During this phase the team answers the following questions:

- What are the options?
- What are the cost/benefits trade-offs?
- What is the "best" direction to take?

In answering these questions and developing the strategy, the team keeps in mind the business goals and objectives, as well as the risks and impacts associated with each one. The team must develop broad alternatives in terms of applications, data management, and the supporting technical and organizational architecture needed to collect all the necessary data and provide flexibility to report on it in many different ways.

During this phase, the project team looks at justification for the various applications. The justification can take many forms. For generic systems, there may be limited cost/benefit analysis. For systems that enhance productivity, there may be a more traditional and detailed cost/benefit analysis. For competitive systems, the justification is more often a description of the business benefits. For defensive systems, the justification usually takes the form of a description of the business benefit.

Information Systems Master Plan

The strategy developed during the prior phases is now ready to be turned into an implementation or master plan. The master plan should include timeframes, resources, responsibilities, and budgets. During this phase the team answers the following questions:

- What are the company's priorities?
- What resources are required?
- When will the plan be implemented?

In developing the master plan, the team must be practical and consider, for example, the organization capabilities of both MIS and users, the resources, constraints, the financial implications, measurement of success responsibilities, and the risks. The master plan should specify the sequence of activities and assign responsibilities.

Plan Implementation And Control

This phase is the last and, in many ways, the most important in business information planning. During this phase the team begins to execute the plan. It is crucial to recognize that the plan is *dynamic*, not static. It is subject to change. Mechanisms must be in place to monitor the progress against the plan and to recognize when the plan needs to be changed because of business needs, competition, or technology change.

Questions answered in this phase are:

- How do we manage and control the plan?
- When do we update it?

The project team needs to employ a management and control process appropriate for the company, the project's risks, and contingency positions. A steering committee is a very good vehicle for managing the plan on an ongoing basis, with an annual review as a part of the business planning process. The plan should identify major milestones, develop a control reporting approach, and establish responsibilities for managing, monitoring, controlling and updating. ■

MIS BUDGETS: EXPENSES AS A PERCENT OF SALES BY RETAILER TYPE

As would be expected, personnel accounts for the largest management information system (MIS) expenditure as a percent of sales, ranging from 36% among variety stores to 56% among softgoods specialty stores. There is also a range of budget figures for POS equipment, mainframes, software, voice communications, and maintenance. This chart only looks at the figures for specialty hardgoods retailers. Retail automotive aftermarket stores fall into the specialty hardgoods category in this study.

Category Of Expense	MIS Budget As % Of Sales
Personnel	44.3%
POS Equipment	2.0%
Microcomputers	1.13%
Data Communications	3.0%
Utilities	0.8%
Mainframes	19.7%
Application Software	0.8%
Operating Systems Software	3.0%
Database Software	0.6%
Non-POS Store Equimpent	2.7%
Space Costs	0.6%
Voice Communications	2.4%
Maintenance	7.7%

Percentages do not total to 100% due to partial responses.
Source: Touche Ross

MIS BUDGETS: EXPENSES AS A PERCENT OF SALES BY SALES VOLUME

The amount budgeted for management information system (MIS) personnel, as a percent of sales, declines with the increase in total sales. Among the smallest retailers, 56% of the MIS budget is dedicated to personnel. The largest retailers dedicate about 42% for personnel. There is no such pattern seen in most of the other categories. However a number of larger retailers are making major investments in voice communications.

Category Of Expense	Sales In Millions $1-$50	$51-$150	$151-$250	$251-$350	$351-Up
Personnel	55.3%	50.1%	46.3%	45.5%	41.9%
POS Equipment	6.1%	5.4%	9.7	6.8%	7.7%
Microcomputers	3.9%	1.2%	1.4%	3.0%	0.4%
Data Communications	3.4%	5.4%	3.6%	2.8%	5.0%
Utilities	1.8%	0.6%	0.1%	1.6%	0.3%
Mainframes	15.0%	10.0%	23.0%	21.9%	17.5%
Application Software	1.9%	2.7%	1.5%	0.8%	0.9%
Operating Software	1.4%	6.6%	5.9%	1.6%	3.4%
Database Software	0.6%	0.5%	0.5%	0.3%	0.5%
Non-POS Store Equipment	0.5%	0.3%	0.2%	0.5%	2.3%
Space Costs	3.5%	0.2%	1.7%	NA	0.5%
Voice Communications	0.1%	0.3%	4.9%	9.2%	9.9%
Maintenance	14.5%	7.8%	6.2%	6.3%	4.4%

Percentages do not total to 100% due to partial responses.
Source: Touche Ross

COMPUTER UPDATE: HARDWARE

Three years ago we said that retailers would have to computerize for basic tasks. Now new hardware is moving them in new directions.

by **Philip Katcher,** Research Editor

Three years ago (*Automotive Marketing*, January 1984) we said that retailers would have to computerize in order to survive into the 21st Century. We added that these computers would be required for basic inventory control, personnel scheduling, parts look-up, accurate ring-ups, payroll, billing, and other functions.

Today, among aftermarket retailers we surveyed this year, 70% have computerized their businesses to some extent. And, they are happy they have computerized. Steve Levine, Midway Auto Stores, Dallas, TX, for example, says that his company installed a well-known jobber system three years ago. "We have been able to double turns on merchandise and get a handle on theft problems," as a result of that installation, he reports.

Since 1984, hardware (terminals, keyboards, processing units, and the like) manufacturers both have added more and more possibilities for computer uses. The result has been a plethora of new possibilities—and new confusions—for computers and their owners.

Therefore, a wise computer user needs to know about the latest potential uses for a system, so that the system that is finally installed can meet all its future demands. For that reason, *Automotive Marketing* now looks at a few of the latest trends and hardware offerings in the computer field of use to aftermarket retailers.

Specialized Systems

One major trend is towards ever more specialized computer offerings for specific tasks. By now there's a specialized computer system available for just about every type of aftermarket business.

The best known in the industry are the plethora of systems designed for jobber/retailers. There are a number of well-known names in this field, including Armor Systems, (Maitland, FL), Autologue Computer Systems (Fullerton, CA), Counter Systems Corp. (Flushing, NY), Datatron Systems Corp. (Des Moines, IA), Distribution Management Systems (Rocky Mount, NC), Icas Computer Systems (Sparta, NJ), Kirk-Van Orsdel Computer Services (Des Moines, IA), MacDonald Computer Systems (Burbank, CA), Parts Data (Andalusia, AL), Rexon Business Machines (Culver City, CA), Triad Systems (Sunnyvale, CA), and The Ultimate Corp. (East Hanover, NJ).

With so many systems offered, it is no surprise that not one is universal. In all, 17 different hardware brands were mentioned as in use by retailers across the country. However, 37% of the jobbers with significant amounts of retail sales we surveyed indicated that they had installed Triad systems, while 13% use IBM equipment. Interestingly, when the Automotive Parts & Accessories Association (APAA) did a survey of retail computer users in 1982, only 22% used Triad systems, while 30% used IBM systems.

But, jobbers aren't the only ones who can get specialized computer systems.

Tire dealers have long had specialized computerized systems. Service station owners can take advantage of systems that write work orders and invoices, keep track of inventory, produce management reports, and maintain customer records. Repair shops can use a system that provides inventory control, customer master records, scheduling, and management reports. There are a number of systems just for collision repair shops that include producing damage reports, repair orders, follow-up letters, job costing, and worker productivity in addition to the standard general ledger, accounts receivable and payable, and sales analysis.

As of this moment, however, there is no one specialized package offered to the volume aftermarket retail chain. His packages have to be assembled from generally available hardware and software. This, however, may be an advantage since the retailer is not confined within a too-specific system. James Willey, Waverly Motor Supply, Waverly, IA, for example, installed a computer system three years ago. "The units have worked well," he says. But, he adds, "We find we would like to go to even more sophisticated equipment."

Point-of-Sale

Over the past few years *Automotive Marketing's* "Management" series has been stressing the increasing value of Point-of-Sale (POS) systems for retailers. In January 1987, Touche Ross produced a huge study, done in conjunction with the National Retail Merchants Association, on *Point Of Sale: Current Trends And Beyond*. What they found was that there has been a change of attitude since 1981, when most retailers found it difficult to justify the costs of POS. Today, most feel it pays for itself—and most large retailers use some form or another of POS and an in-house computer.

Aftermarket retailers are keeping up with the other large retailers in terms of installing POS systems. In the latest *Automotive Marketing* survey, 48% of them reported that they used a POS system in their stores. Most capture SKU data; do accounts payable and general ledger during financial cycles (but not heavily for payroll); and do staple stock, purchase order management, and merchandise receipt during purchase cycles with their POS systems.

In addition, POS is being put to uses not considered when the systems were invented. For example, several leading chains are using their systems to cut down on internal theft from employees who use other employees' numbers to steal, or who abuse an employee discount privilege, or who key in false returns and voids. IBM, in fact, even offers a program, "SPOT" just for this purpose.

Generally, Touche Ross found that POS installers in 1986 realized more of

HOW COMPUTERS PERFORM FOR AFTERMARKET RETAILERS

We asked retailers who had computerized how they found their systems worked for them after their installation. A significant number discovered more benefits to computerization than they had expected.

Performed better than expected	34%
Performed as well as expected	60
Performed worse than expected	6

Source: *Automotive Marketing* Retail Panel

COMPUTER UPDATE: HARDWARE

the benefits they expected than did those in 1977 or 1981. For example, over 72% of their respondents who expected POS to lead to improved gross margin achieved their goals, while under 20% in their 1977 survey realized that benefit.

As POS has grown, its users see a number of changing management aspects because of it. Most told Touche Ross that there will be more technology employed at the store level and that Management Information Systems (MIS) groups will become increasingly important in creating future business strategy.

Touche Ross found that the rate at which retailers using POS can convert to new equipment is accelerating. The period of implementation is shorter today than it was five years ago, and the number of stores converted annually is greater. Interestingly, smaller retailers are more aggressive about replacing old equipment than are larger ones – possibly being able easier and more cheaply to change quickly to meet changing needs. Most retailers begin replacing their POS equipment within the next three years, while almost 45% of POS equipment in North America is over five years old.

Bar Coded Check-Outs

In March 1983, *Automotive Marketing* investigated the use of bar codes for aftermarket retailers. At that time, we pointed out many of the favorable aspects of bar codes – instant accountability, product movement tracing, automatic price look-up, rapid inventory control. "So why aren't the automotive chain stores standing in line waiting to make the transition from standard cash register to the latest scanning equipment?" we asked. Our answer was simple: "The motivating force for UPC (Universal Product Code) scanning was the pressing need for speed and efficiency at the check-out counter. However, we feel the automotive chains will need some other decisive factor to convince them that scanning is a worthwhile investment."

The picture may be changing by now.

According to Satish Sharma, director of information services at Fel Pro, Inc. (Skokie, IL), "In the automotive aftermarket the real benefits from bar codes will be realized in the warehousing and distribution centers." He says such benefits include more accurate checking of incoming and outgoing items, changing inventories, speeding up cycle counting operations, and routing and monitoring shipments. However, retailers are also beginning to see benefits at the front end level.

A Chief Auto Parts clerk runs an item across a bar code scanner produced by Metrologic. Bar code scanning is new in the aftermarket and its potential rewards are being carefully considered.

In 1986 Pep Boys and Chief Auto Parts, two of the giants in the aftermarket, decided to incorporate UPC scanning in their stores. Bernie Greenberg, president of Stores Automated Systems, Inc. (SASI), Bensalem, PA, explained that Pep Boys found their own "decisive factor" needed to prompt a conversion to a scanner system. "Pep Boys has a much higher customer transaction count than the typical auto parts chain store," he said. "The average Pep Boys store averages an annual volume of $2.7 million, compared to the industry average of around $1.2 to $1.3 million per store."

Chief's management found other factors to make scanning a viable possibility. According to Tom Metcalf, Chief's systems manager, "Our company has long been excited about the cost saving opportunities that bar code scanning represents and, after actual testing, we have seen them firsthand. Previously, our system was entirely manual. We had to price label each product on the shelves by hand, and at the checkout, we had to manually key all price data into the cash register. Scanning is simply the best means available to read and automatically collect pricing and product data accurately and reliability."

Chief worked with SASI to select equipment and develop software. Each in-store system consists of two cash registers with their own counter-mounted bar code scanner produced by Metrologic, Bellmawr, NJ, a central processing unit (CPU) in the back office, a CRT terminal, a modem, and a report printer. When the products are scanned, the scanner collects the bar-coded data and feeds it to the register. This sends it to the back office CPU which transfers it through the modem to the headquarters mainframe. At the same time, headquarters sends price changes back to the store CPUs.

The whole system "dramatically" increases the speed and scope of operational and financial data collection chainwide and makes efficient and consistent updating of product prices easy.

Chief won't have the new system installed chain-wide until the end of 1987. So, it won't be immediately known of how much value the new system will prove to be for volume aftermarket retailing chains. But, the industry will be watching it with interest.

On-Floor Selling

Right now, a Touche Ross study indicates that only 21% of the largest of all retailers are even thinking of letting customers enter their own transactions at a computer. Looking far down the road, it may be that computer systems will be used more and more for these functions, replacing a number of hard-to-hire floor sales personnel.

Already, some direct marketing retailers are testing free-standing electronic kiosks at which shoppers choose their purchases from items displayed on a screen, and then charge them to their credit cards. These orders are then gathered, usually by an attached modem, by the central warehouse for fulfillment. The HarrisCatalogLibrary Mail Order Catalog Centers which are being installed in libraries in California are examples of these kiosks.

These systems range between being fairly simple to quite elaborate. Some systems, largely in use in large discounters and supermarkets, are simply store directories to product locations. Customers can see the products they want in different colors they choose – this system is already in use by a number of new car dealers, as well as by Sears Roebuck in allowing customers to choose window drapery frabics. Some systems even switch on automatically when their ultrasound systems detect an approaching individual.

The systems also can capture information about a customer; things like the type of car he's buying for and the type of credit card he uses. As well, the modems in open models can be used to update them from central sources.

To an extent, this is "blue sky" material: there are no systems of this sort specifically designed for automotive uses yet. Some computerized displays that provide DIY information have been produced; Champion Auto Stores introduced such a system in its stores in 1985. These do not yet, however, take customers' orders. Judging from the speed at which things have been happening in the computer field, however, it may not be long until these systems do start appearing in aftermarket retailers' stores.

In fact, it will not be long until automotive retailers are offered a whole new generation of hardware and software that will vastly enlarge their power to compete effectively. It will be almost a full-time job keeping track of them. ■